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Chairman: Mr. Ashe ..... (Antigua and Barbuda)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Saha

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06-39086 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 122: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 124: Programme budget for the biennium 2006-2007 (*continued*)

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Investing in the United Nations: for a stronger Organization worldwide: detailed report (A/60/846 and Add.1-4 and A/60/870)

Policies of United Nations system organizations towards the use of open source software in the secretariats (A/60/665 and Add.1)

1. **Mr. Sach** (Controller) said that the report of the Secretary-General entitled "Investing in the United Nations: for a stronger Organization worldwide: detailed report", prepared pursuant to General Assembly resolution 60/260, elaborated on proposals 8-10 and 16-19 of the earlier report of the Secretary-General entitled "Investing in the United Nations: for a stronger Organization worldwide" (A/60/692). It consequently addressed information technology, budget and finance and information-access issues, but not, for example, procurement, which would be discussed later in the resumed sixtieth session; human resources management, which would be discussed during the main part of the sixty-first session; or alternative service delivery, which would be further addressed in 2007.

2. The report under consideration, with its four addenda, made detailed proposals to better equip the Organization to meet the many complex challenges before it, recognizing that its management system lacked the necessary capacity, controls, discretion, robustness and transparency to handle the multi-billion-dollar global operations with which it was increasingly charged. As some of the proposals were not new, but had previously come before the General Assembly at financially inopportune times, the current emphasis was on providing the Organization with a financial base sound enough for its mandated programmes and activities to be implemented in a timely and effective manner. However, the financial situation was no better than it had been 10 years previously.

3. In connection with addendum 1, which dealt with investment in information and . communication technology (ICT), he urged Member States to support the establishment and financing of a new post of Chief Information Technology Officer, at the level of Assistant Secretary-General, in order to develop the Organization's ICT strategy. The current fragmented approach to such technology was costly and carried risks, including weak financial controls in the absence of effective enterprise resource planning (ERP) software. A new ERP system must be put in place, in tandem with the introduction of the International Public Sector Accounting Standards (IPSAS).

4. In the light of the request of the General Assembly in part VI of resolution 60/260, and superseding the original proposals contained in proposal 16 of document A/60/692, addendum 2 contained two new proposals to give the Secretary-General greater discretion in budgetary implementation. One would enable him to transfer up to 10 per cent of resources between sections within each individual part of the budget within a single budget period. The other would enable him to undertake the redeployment, reclassification or conversion of up to 10 per cent of posts in the three categories described in paragraph 29 of addendum 2. Most importantly, the Secretary-General was not seeking discretionary authority for the creation or suppression of posts.

5. The proposals in addendum 3 focused on effective and efficient management of resources, responding to concerns expressed by the General Assembly, the Advisory Committee on Administrative and Budgetary Questions (ACABQ), the Board of Auditors and the Panel of External Auditors. The Member States were asked to approve a series of measures.

6. The first measure was adoption of the International Public Sector Accounting Standards (IPSAS), as agreed between all the executive heads of the United Nations system, in order to improve transparency, accountability, governance and financial management. As the target date for the Standards to be in place was 2010, the process must begin without delay.

7. The second measure was consolidation of the budgets of peacekeeping operations in order to simplify the legislative and administrative aspects of mission financing and to give States providing troops and police more consistent and timely reimbursement. Consolidation of mission budgets would result in a single performance report and a single expenditure statement rather than the current 17 individual documents, while consolidation of financial resources would improve the liquidity of all peacekeeping operations and help the Organization to meet its obligations towards troop-contributing countries. Fears that consolidation of peacekeeping budgets would force States which paid their assessments promptly to subsidize those that delayed payment were a misconception. The damage to peacekeeping operations from late payment was not the result of de facto subsidies, but of transferring the burden unfairly to troop contributors.

8. The third measure was an increase in the peacekeeping commitment authority from the current $50 million to $150 million, reflecting the increase in the size of peacekeeping missions, the need to cover mission planning and start-up and the need to replenish strategic deployment stocks. Only the amount of the commitment authority would change; the current governance and oversight arrangements would remain unchanged. No additional funding from the Member States would be necessary, and the Advisory Committee must still concur before commitments for the actual start-up of peacekeeping operations were entered into.

9. The fourth measure was an increase in the Working Capital Fund from the current $100 million, unaltered since 1981 and sufficient for only two to three weeks of regular budget expenditure, to a level of $250 million, sufficient for four to six weeks of expenditure.

10. The fifth measure was the temporary suspension of financial regulations 5.3 and 5.4 to enable the Organization to retain budgetary surpluses, as outstanding assessed contributions from Member States had stood at over $3.2 billion at the end of 2005. If retention was approved, the General Assembly was also asked to decide whether the amounts concerned might be allocated to solve problems such as the inadequate level of the Working Capital Fund. In order to maintain transparency in the management of the retained surpluses, the Secretariat would report on those resources in the context of closed accounts for the relevant financial periods.

11. The sixth measure was the establishment of a reserve fund to accommodate unanticipated expenditure arising from exchange-rate fluctuations and inflation, a matter whose significance had been acknowledged when the General Assembly had adopted resolution 41/213, "Review of the efficiency of the administrative and financial functioning of the United Nations", 20 years earlier. If approved, the fund would be subject to established reporting requirements for funds, and to audit by the Board of Auditors. Transfers to or from it would be reported to the General Assembly through the Advisory Committee.

12. The seventh measure would be to charge interest on arrears in Member States' contributions, an idea first put forward in 1993. The Organization's financial situation was no better in 2006, and the interest would be used to increase its reserves. As the proposal was being made directly to the General Assembly, it was unaffected by the provisions, regarding the role of the Committee on Contributions, of General Assembly resolution 60/237, "Scale of assessments for the apportionment of the expenses of the United Nations".

13. The proposals put forward for the consideration of the Member States in addendum 4 focused on improving reporting mechanisms, including public access to United Nations documentation, in order to encourage public interest and demonstrate good governance. The proposals included a policy for information disclosure — including the conditions under which access to documentation would be denied — and resource requirements for improving management of the Organization's records. While the General Assembly, in its resolution 60/260, had not elaborated on the intention indicated by the Secretary-General in document A/60/692 to produce a comprehensive annual report to reflect all resources deployed and programmes undertaken, the current report took up that issue. Such a report would

supplement, not replace, the annual report of the Secretary-General on the work of the Organization required under the Charter.

14. Accountability had been addressed in general terms in paragraphs 5 to 8, and addendum 2, of the detailed report (A/60/846), and more specifically in connection with improved transparency in management in all four addenda. However, as a number of Member States had called for more detail and for a common understanding of the matter, a separate addendum 6 would be drawn up to provide a definition of accountability. Arrangements for accountability would also be discussed in future reports on human resources management and the administration of justice.

15. The resource requirements for the proposals in addenda 1 to 4 totalled $6,381,300, including eight new posts. If that sum was made available, the Organization would be able to begin updating, improving and standardizing its management systems to meet the demands it faced and to ensure full accountability for the management of programmes and financial and human resources. In the following biennium, 2008-2009, introduction of a new ERP was expected to cost a further $120 million, and the introduction of IPSAS was expected to cost a further $23 million.

16. The Organization had been criticized for its weak financial controls, poor management of resources, failure to keep up to date with best practices in accounting standards and information-technology management and, generally, for failing to meet the expectations of its Member States. While it had been managing well under outdated systems, there were substantial risks in delaying improvements. The management systems of the United Nations must be upgraded, globalized, standardized and modernized. General Assembly approval of the Secretary-General's proposals would help the Organization to move forward efficiently and effectively and to better serve its Member States.

17. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions (ACABQ)), introducing the related report of ACABQ (A/60/870), said that the Advisory Committee appreciated the timely submission of the Secretary-General's report and the effort made to respond to the Advisory Committee's requests for background information on the history of the proposals contained in his initial report on investing in the United Nations (A/60/692 and Corr.1), their financial and administrative implications and the projected time lines for their implementation. However, the report treated some subjects more comprehensively than others and, in some areas, lacked clarity or detail.

18. With regard to accountability, the Advisory Committee welcomed the steps taken thus far but noted that a complete system of accountability would require further development and requested the Secretary-General to give the issue priority attention in elaborating and implementing reform measures. The focus should be on developing a clear definition of accountability in all areas, including finance, administration and human resources management; tools to implement accountability; an effective system for the administration of justice; and consistent regulations and rules.

19. Concerning information and communication technology, the Advisory Committee recommended approval of the creation of a post of Chief Information Technology Officer, on the understanding that the incumbent would head an office that would integrate the Information Technology Services Division of the Department of Management and the Communication and Information Technology Service of the Department of Peacekeeping Operations and provide Secretariat-wide leadership. The function should be accommodated through redeployment of a post at the Assistant Secretary-General level. A decision on the replacement of the Integrated Management Information System (IMIS) with a next-generation enterprise resource planning system could be made only after the Secretary-General's detailed report on the matter had been submitted to the General Assembly and extensive deliberations had taken place. The Advisory Committee recommended approval of the resources requested to carry out the cost study envisaged and to prepare the report.

20. The Advisory Committee had previously called for the Secretary-General to be given greater flexibility in budget implementation. However, the proposals contained in the Secretary-General's report were not sufficiently clear or specific to be acted on at the current stage. Accordingly, the Advisory Committee recommended that the Secretary-General should rework them and, in addition, provide a full analysis and justification of the scope and level of discretionary authority requested, including information on any

instance in which the need for greater discretionary authority had been made evident.

21. The Secretary-General also proposed that he should be granted authority, within the approved staffing table for the Secretariat as a whole for a given budget period, to undertake post actions for up to 10 per cent of posts within and between three broad categories of posts. The Advisory Committee had consistently supported greater discretionary authority in that area and had made a number of recommendations on which the General Assembly had yet to pronounce itself. It noted that any proposal on post actions was necessarily linked to the proposal concerning transfers between budget sections and, as such, needed to be clarified.

22. The Advisory Committee recommended adoption of the International Public Sector Accounting Standards (IPSAS) and approval of the requested resources to begin implementation, with the stipulation that expenditure relating to the information technology aspect of implementation should await a definitive decision by the Assembly on the system to be used.

23. Regarding the consolidation of peacekeeping accounts, the Advisory Committee had been provided with a revised proposal that addressed the issue of maintaining the link between peacekeeping assessments and the specific mandates approved by the Security Council. However, a more fundamental problem remained: if the proposal was implemented, those Member States that paid their peacekeeping assessments promptly and in full would be subsidizing those that did not. It was for Member States to decide whether the managerial advantages of consolidation outweighed that basic fact. Consideration of the related proposals of the Secretary-General would depend on the General Assembly's decision concerning the consolidation of accounts.

24. The Advisory Committee recommended that the current procedures for granting commitment authority should be maintained, notably because the Secretariat had been unable to cite any instance in which the existing ceiling of $50 million had proved insufficient. Concerning the utilization of budget surpluses, it pointed out that the General Assembly had yet to take a decision on the measures proposed by the Secretary-General for funding accrued liabilities for after-service health insurance benefits, which included proposals to utilize budget surpluses for that purpose.

25. The Advisory Committee welcomed the Secretary-General's intention to prepare and submit a single comprehensive annual report containing both financial and programme information. There was, however, a need to define more clearly the purpose of the report and the target audience. The attempt to provide one report to serve the needs of both the general public and Member States would result in a document that was too technical for the former and too general for the latter. The Advisory Committee recommended that, at the current stage, the Secretary-General should concentrate on developing a comprehensive financial and programme report for the General Assembly, while continuing to produce the annual report on the work of the Organization required under Article 98 of the Charter of the United Nations.

26. The Advisory Committee also welcomed efforts to consolidate reports. However, the bulk of the consolidation proposed in document A/60/846/Add.4 was dependent on the Assembly's decision on the proposal to consolidate the financial performance reports and budgets of the peacekeeping operations.

27. Lastly, the Advisory Committee trusted that the text of the new public access policy, when it was fully elaborated, would be made available to the General Assembly. Before action was taken to implement the new policy, it would be important to explore the possibility of a fee structure and financing mechanisms, where appropriate.

28. **Mr. Larrabure** (Vice-Chairman, Joint Inspection Unit), introducing the report of the Joint Inspection Unit (JIU) on policies of United Nations system organizations towards the use of open source software, said that it aimed to create greater awareness of public administrations' increasing use of open source software and to highlight some of the requirements which the United Nations system must meet in order to increase its use of such software, rather than to quantify exact savings or operational gains therefrom.

29. Many Governments had recognized open source software as a valid alternative to corresponding closed source software, as it offered more choice and competition, and avoided vendor lock-in. They had defined policies for the use of open source software in the wider context of e-government policies and related interoperability frameworks. The aim was to allow universal access to information and preserve public data. In order to champion, monitor and drive the

process of implementing open source software policies, leadership was needed. Public administrations must review procurement policies with a view to obtaining ownership of customized software and fostering the sharing of applications.

30. The organizations of the United Nations system must strengthen their capacity to create, share and disseminate information and knowledge in a way which ensured that users throughout the world had access to them. The General Assembly had already recognized those needs in adopting resolution 57/295 on information and communication technologies for development, which called for the formulation of a comprehensive ICT strategy. In response to that request, the Secretary-General, in his capacity as Chairman of the United Nations System Chief Executives Board for Coordination (CEB), had prepared a report on progress in the implementation of General Assembly resolution 57/295 (A/59/563), which outlined a strategy based on an analysis performed by the Information and Communication Technologies Network and the Information and Communication Technologies Task Force. Among the problems identified in the preparation of that strategy were disparate enterprise resource planning systems (ERPs); the lack of common standards for ICT governance; constraints on the establishment of substantive networks; and constraints on the sharing of common applications.

31. Against that background, and in view of the need to ensure access to information and system-wide interoperability for data and knowledge-sharing, the report recommended that the General Assembly should emphasize the principle of equal and universal rights to access public information made available in electronic format by United Nations organizations, without the user being obliged to acquire a particular type of software. The General Assembly should also emphasize improved system-wide interoperability of ICT systems through the use of open standards and open file formats, in order to guarantee the permanence of electronic public records and avoid dependence on particular software providers. Consultations should take place within CEB to establish a system-wide United Nations Interoperability Framework (UNIF).

32. In that context, customized software should be owned by the organizations themselves and be made available to other stakeholders or licensed as open source software. Organizations should aim to avoid vendor lock-in and should give equal consideration to all compliant ICT solutions available, including those based on open source software, the final choice being made on the basis of value for money. The report had found that the use of open source software in organizations of the United Nations system was generally attributable to individual initiative, not corporate policy, which was mostly absent. One exception was the United Nations Office at Vienna, which had established an open source software policy requiring equal consideration of both open and closed source solutions on the grounds of technical suitability, security and cost. In order to preserve, improve and make available the open source software currently used within the United Nations system, the report also recommended that CEB should take steps to create and make accessible to all organizations a repository of mature open source software solutions existing within the system.

33. JIU had considered the CEB comments on its report (A/60/665/Add.1), and was pleased at the Board's agreement with recommendation 1. While establishing a system-wide United Nations Interoperability Framework would require effort, it would eventually allow for the seamless sharing of information and knowledge. Regrettably, significant resistance to change appeared to remain in some organizations, which hesitated to support the open source software initiative initially outlined in the ICT strategy. The United Nations system unfortunately still operated, in many cases, in an environment which rewarded a conservative approach. It must instead move towards an environment which rewarded creativity, well-conceived change and cost-efficiency.

34. Rather than advocating the blind use of open source software, the report attempted to explain why serious consideration should be given to that alternative. In addition, the report did not provide the detailed analysis required to move ahead with implementation, which was the prerogative of each organization's secretariat. Instead, it provided evidence of significant initiatives in the use of open source software throughout the world. It stressed that in order to exploit opportunities to mitigate software costs through increased usage of open source software, as envisaged in the Organization's ICT strategy (A/59/563, annex I, para. 2 (i)), the United Nations system must be willing to explore fully all the alternatives open to it.

35. **Mr. Herman** (Secretariat of the United Nations System Chief Executives Board for Coordination (CEB)), introducing the comments of the Secretary-General and CEB on the JIU report (A/60/665/Add.1), said that very few ICT issues generated as much heated debate as the use of open source software in a business environment. Many factors must be taken into consideration in selecting computer software, including its suitability, reliability and price. It was important to calculate the total cost of ownership, including hidden costs such as maintenance and training, among others. In the case of open source software, which was available free or at minimal cost, qualities other than purchase price must be evaluated in taking decisions on which software to use. In fact, for most software applications, the actual software licensing price was only a small component of the overall implementation cost. All software, no matter how complex, required configuration and adaptation to the business environment in which it would operate, and those costs frequently eclipsed the price of the software itself.

36. Another factor to be considered was that open source software had no owner and therefore no fixed point of contact for problem solving. Organizations using such software needed to develop their own capacity or find outside assistance, meaning that open source software frequently depended on an informal, ad hoc support structure which many organizations found unsustainable, especially for applications critical to their mission.

37. Such obstacles, however, could be overcome. The benefits of open source software included an unparalleled ability to add new functionality which could easily be shared across a wide community. Indeed, organizations of the United Nations system had already demonstrated that they were willing to adopt new methodologies and practices through their use of open source products in many areas.

38. In conclusion, it was necessary to further investigate how organizations might benefit from the open source movement as well as mitigate its risks. Organizations of the United Nations system must decide where the implementation of open source software fitted among other ICT-related priorities. While the report did not extensively explore that area, organizations believed that it provided a foundation upon which further analysis could be conducted.

39. **Mr. Drofenik** (Austria), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Serbia; and, in addition, Iceland, the Republic of Moldova and Ukraine, said that the report of the Secretary-General corresponded to the mandate entrusted to him at the 2005 World Summit to make proposals to the General Assembly for its consideration on the conditions and measures necessary for him to carry out his managerial responsibilities effectively. His delegation noted with regret that the report did not elaborate in detail on some of the Secretary-General's reform proposals, as requested in General Assembly resolution 60/260. Nevertheless, the report still provided enough substance for a meaningful discussion on management reform.

40. The European Union endorsed the establishment of the post of Chief Information Technology Officer to coordinate ICT initiatives within the Secretariat and to ensure that an adequate ICT perspective was incorporated in all major managerial decisions. It was important for the Officer to enjoy a largely independent position within the Secretariat.

41. The European Union supported the replacement of the Integrated Management Information System (IMIS). Although IMIS had served the Organization relatively well in the past, the increasing demands on the System, including the proposed introduction of new accounting standards, necessitated its replacement. The first major task of the new Chief Information Technology Officer should be to accurately establish the user needs for a new system and to prepare a call for tenders. The European Union supported the introduction of IPSAS, as the current United Nations standards no longer addressed the need for a modern, transparent and accountable Organization. The switch to new accounting standards was overdue and would benefit the Organization and all Member States.

42. One of the main priorities of the European Union remained increased efficiency, effectiveness and accountability in budgetary implementation. Restrictions on the Administration's management of available resources generally failed to achieve adequate control and accountability, and put undue strain on efficient programme delivery. In order to give the Secretary-General the necessary tools to implement the budget efficiently and fully preserve the

prerogatives of the General Assembly, the Secretary-General should be given limited discretion in budgetary implementation in accordance with Assembly resolution 60/246.

43. The European Union therefore agreed that the Secretary-General should be authorized to transfer up to 10 per cent of appropriations between sections of the budget, within parts, during the budget implementation period and to undertake post actions for up to 10 per cent of posts within and between the three broad categories mentioned in the report. The Secretariat must also be fully accountable to the General Assembly for any use of its discretion. Any changes to the current system should preserve the prerogative of the General Assembly to consider and approve resources.

44. The Advisory Committee raised some pertinent questions about the scope of the discretion to be granted to the Secretary-General and about accountability procedures, and requested the Secretary-General to clarify those points. However, it was within the purview of Member States to specify the scope of such discretion and the accountability mechanisms which accompanied it.

45. The European Union supported proposals to improve the current reporting mechanisms to enhance transparency and accountability and fully supported the Advisory Committee recommendation to the Secretary-General to concentrate on developing a comprehensive financial and programme report for the General Assembly. The European Union also endorsed the related proposal for developing a policy for public access to United Nations documentation.

46. The European Union welcomed the proposal for consolidation of peacekeeping accounts, which would ensure the liquidity of individual missions, facilitate the prompt reimbursement of troop-contributing countries and make assessments less frequent and more predictable. It noted with satisfaction that the proposal had been revised to preserve the linkage between peacekeeping assessments and Security Council mandates.

47. The European Union was committed to achieving results on those proposals by the end of the second part of the resumed session. The Committee should try to avoid procedural debates and should focus on the discussion of the substantive proposals before it.

48. **Mr. Hill** (Australia), speaking also on behalf of Canada and New Zealand, said that management reform would enable the United Nations to produce better results. It was essential for the Committee to achieve tangible outcomes on management reform before the end of the resumed session.

49. The Advisory Committee's report (A/60/870) provided helpful guidance on such issues as ICT and IPSAS, although, on other issues, more explicit recommendations would have been welcome. The Advisory Committee's comments on accountability were particularly important, serving as a reminder that accountability had multiple elements, that strengthening accountability was an ongoing task and that, while the Secretary-General's proposals would contribute to that process, more work remained to be done. Among the key objectives of management reform were to ensure that resources were devoted to activities that mattered, that they were used efficiently and effectively, and that Member States could connect those resources with the outcomes sought.

50. The modernization of information technology and the adoption of IPSAS were basic building blocks of management reform, and the delegations for which he spoke strongly supported the related proposals of the Secretary-General. They also supported the creation of a post of Chief Information Technology Officer to provide leadership that cut across departmental lines. As detailed analysis of the requirements for a new enterprise resource planning system went forward, it would be important to ensure that the needs of peacekeeping operations and the functionality of the system in the field were taken fully into account. The three delegations agreed with the Advisory Committee that business processes must be carefully reviewed as an integral part of the project.

51. The three delegations were strongly committed to increasing the Secretary-General's managerial discretion. They noted that, in line with General Assembly resolution 60/260, the proposals made regarding the exercise of discretion in budget implementation (A/60/846/Add.2) were more limited than those contained in the Secretary-General's previous report (A/60/692 and Corr.1). Under the new proposals, the Secretary-General would be permitted to transfer appropriations between budget sections, rather than between parts of the budget, and would be accountable to the General Assembly through performance reporting. The three delegations were

puzzled by the Advisory Committee's advice on the proposals, which was at odds with the positions it had previously taken. While the issues of managerial discretion and accountability were complementary, they were also very complex, and concerns about accountability should not impede the implementation of solutions that made sense from a managerial perspective. Accordingly, in considering managerial discretion, Member States should focus on determining the best place for certain operational decisions to be taken.

52. With regard to the proposal to consolidate the peacekeeping accounts, the central issue was whether financial obligations in respect of peacekeeping operations should be met from a single cash pool. The three delegations believed that there were good reasons for doing so.

53. The three delegations supported reporting that presented relevant information to Member States and the public in a clearer, more accessible manner. It was within the purview of the Secretary-General to submit an annual report on the performance of the Organization, and he should be encouraged to do so. Lastly, the three delegations welcomed the initiative to enhance public access to United Nations documentation and wished to receive information concerning the proposed modalities.

54. **Ms. Juul** (Norway) said her Government agreed with the Secretary-General that a radical overhaul of the rules, structure, systems and culture of the Secretariat was necessary, given the need to meet new challenges and to correct unacceptable weaknesses in the Organization and its management. Although some progress had been made on management reform, more must be done to restore the Organization's credibility and enhance its effectiveness. Her delegation encouraged the Secretary-General to continue to carry out reform measures such as strengthening managerial accountability within the Secretariat.

55. Among the management reform proposals contained in the detailed report of the Secretary-General (A/60/846 and Add.1-4), those relating to financial and budgetary management were of particular strategic importance. Her delegation concurred that there was a gap between what Member States mandated the Organization to do and the resources made available to it. There was a need to reach agreement on the establishment of a reserve fund, increases in the Secretary-General's commitment authority for peacekeeping operations and in the level of the Working Capital Fund, the consolidation of the peacekeeping accounts and the adoption of international accounting standards.

56. A prerequisite for sound financial management of the Organization, however, was the full and timely payment by Member States of their contributions. The unfortunate fact that not all Member States paid their assessments in full and on time made the cash situation of the Organization volatile. Her delegation therefore welcomed the proposal to charge interest on Member States' arrears. Any measure to improve the cash situation as compensation for the failure to make payments should be coupled with measures to encourage the payment of arrears.

57. Her Government had endeavoured over the years not to undermine the Secretary-General's authority with overly detailed resolutions on budgetary and administrative issues. The extent of the Secretary-General's flexibility, and therefore his ability to manage the Organization efficiently, depended not only on the extent to which Member States authorized him to redeploy resources within a budget period, but also on the content of the budget resolutions and the budget level itself. The tendency to go into detail and micromanage was apparent even in the current budget negotiations.

58. Her Government had long advocated stronger executive leadership for the United Nations and greater authority for the Secretary-General in budget implementation. All Member States recognized that the Secretary-General should have limited discretion in budget implementation and that mechanisms for ensuring accountability in the exercise of that discretion should be established. The time had come to define the parameters of such discretion.

59. Lastly, she agreed that another prerequisite for good management was an updated and integrated ICT system. The Organization would also benefit from guidelines for public access to United Nations documentation.

60. **Ms. Pierce** (United Kingdom) said that the proposals before the Committee were important for the future of the United Nations and represented a vital part of the follow-up to the 2005 World Summit. The Secretary-General had put forward moderate proposals on management reform and had agreed to formulate

proposals on accountability, which was a critical component of the reforms. It was possible to have accountability that made good managerial sense. The proposals provided a good opportunity to strengthen the United Nations and to meet the objectives set forth by the Heads of State and Government at the Summit.

61. Reform was not an end in itself. Rather, it was a means of increasing the Organization's effectiveness in development, security, humanitarian and other areas. For that purpose, Members must work constructively and in a spirit of compromise, and must avoid procedural wrangling. The Committee should move swiftly to questions and answers on the details of the proposals and then to serious discussion of a draft resolution.

62. **Mr. Simancas** (Mexico) said that the reports under consideration would help to guide the work of the Committee in the immediate future. Some of the Secretary-General's proposals could be implemented in the near term. Other proposals required further clarification or elaboration so that Member States could take informed decisions based solely on the best interests of the Organization and not on other considerations.

63. **Mr. Woeste** (Germany) said that the proposals before the Committee were in line with the decisions taken at the 2005 World Summit and were a good basis for successful reform efforts. They were important for improving and modernizing the United Nations. Member States should embark on negotiations on the proposals as quickly as possible, in a spirit of consensus, to meet the needs of the Organization in a way that would satisfy all delegations.

64. **Ms. Peyronnet** (France) echoed the comments made by the representative of Germany, adding that Member States should seize the opportunity to strengthen the Secretary-General's decision-making authority within the Secretariat, together with the necessary oversight and accountability mechanisms.

65. **Ms. Rosini** (Italy) said that, after 60 years, many procedures and much of the structure of the Organization were in need of improvement and updating. The Secretary-General's proposals would help to meet the clear need for more effective programme delivery. Her delegation therefore welcomed the renewed atmosphere of constructive dialogue within the Committee on the issue.

66. **Mr. Van den Bossche** (Belgium) echoed the views expressed by the representatives of Germany and France, adding that it was very important to re-establish a climate of trust among Member States and to concentrate on the substance of the proposals.

67. **Mr. Hussain** (Pakistan) said that his delegation agreed that reform was imperative. Regrettably, the imposition of conditionalities by certain delegations had vitiated the atmosphere of trust and confidence that was so crucial for the successful implementation of reform. Furthermore, his delegation was perplexed at the desire of some countries to reform a body on the brink of financial collapse. The first priority of Member States should be to ensure the Organization's financial solvency, so that it could look to the future with confidence. Without that confidence, all discussion of reform would remain disconnected from reality.

Agenda item 124: Programme budget for the biennium 2006-2007 (*continued*)

Business analysis on the possibility of constructing a new permanent building on the North Lawn (A/60/7/Add.38 and A/60/874)

68. **Mr. Reuter** (Executive Director of the Capital Master Plan Project), introducing the report of the Secretary-General entitled "Capital master plan: business analysis on the possibility of constructing a new permanent building on the North Lawn" (A/60/874), said that an initial three-week analysis, conducted at no cost, had indicated that there would be a cost advantage in the long term in undertaking such a project. Given the time constraints, the analysis had been limited to reviewing the economic aspects of the proposed building. It had not taken account of security, architectural or host city and community issues. The cost of a full study, which would take at least one year to complete, was estimated at 1 per cent of the anticipated cost of construction.

69. Given the state of the existing Headquarters buildings and the urgent need for renovation, the Secretary-General recommended that any decision on a long-term real estate strategy should be considered separately from, and made independently of, the decision regarding the strategy on the capital master plan. He emphasized that the successful implementation of the capital master plan was not

conditional on the construction of a new permanent building on the North Lawn.

70. In the Secretary-General's previous report on the capital master plan (A/60/550), the General Assembly had been requested to approve the recommended strategy for implementation of the capital master plan, strategy IV (phased approach); to approve a revised project budget of $1,587.8 million for strategy IV, excluding potential scope options; and to approve a funding plan for the capital master plan based on a direct multi-year assessment. Prompt approval of the funding plan was critical if Member States' legislative bodies were to complete their respective budget cycles in time to provide the initial funds required for construction take-off by 1 January 2008.

71. In order to prevent further cost escalation for the renovation of the existing Headquarters buildings, he urged the Committee to act on the recommendations contained in document A/60/550 without further delay and to defer to a later date consideration of the possibility of constructing a permanent building on the North Lawn in the context of a long-term real estate strategy.

72. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of ACABQ (A/60/7/Add.38), said that the concept of a building on the North Lawn to consolidate office space was a completely separate matter from the question of swing space, and the Advisory Committee had considered it independently of any other elements relating to the capital master plan. The Secretary-General's report raised well-founded concerns about the merit and feasibility of building on the North Lawn. The Advisory Committee had therefore concluded that the conduct of a feasibility study was not merited at the current stage.

73. The plans for the renovation of the Headquarters buildings must be approved without any further delay. The Advisory Committee therefore recommended approval of the recommendations contained in paragraph 22, subparagraphs (a), (b) and (c), of the Secretary-General's report.

74. **Mr. Drofenik** (Austria), speaking on behalf of the European Union; the acceding countries Bulgaria and Romania; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Serbia; and, in addition, Iceland, Norway, the Republic of Moldova and Ukraine, said that the capital master plan was a very important and urgent project. The Headquarters complex was a safety hazard for staff, delegations and visitors alike, wasted energy and was in constant need of repair. A decision was required on the strategy for implementing the capital master plan in order to avoid postponing the start of construction. The European Union strongly supported strategy IV, which constituted the most sensible approach with the fewest obstacles. It invited those countries that had not yet done so to express their support for strategy IV. It was in the interests of all concerned to avoid any further delay, not only because of the resultant cost escalation, but also because of the life-endangering condition of the buildings. The European Union was committed to transforming the vision of the capital master plan into reality and called on the entire membership to work together towards the swift completion of the project.

75. **Mr. Wallace** (United States of America) said that, as the capital master plan project moved forward, his delegation would stress the need for transparency and strong oversight. The Committee's focus at the current stage should be on reaching a decision with regard to the project implementation strategy. Such a decision must provide clear direction on the continuation of preconstruction work and on the use of the funds approved by the General Assembly in May 2006. Noting that some $20 million of those funds had already been spent, he requested a breakdown of that expenditure and of the expenditure incurred against the commitment authority provided. His delegation agreed that strategy IV represented the best way forward. While the question of constructing a new permanent building deserved careful consideration, his delegation agreed with ACABQ that it should be dealt with separately from the capital master plan. Lastly, it trusted that the Administration would fill the post of Executive Director of the Capital Master Plan Project as soon as possible following the departure of the current incumbent.

76. **Mr. Reuter** (Executive Director of the Capital Master Plan Project) said that he would reply to the questions put in informal consultations.

Agenda item 135: Financing of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (*continued*) (A/60/844 and A/60/854)

77. **Ms. Nowlan** (Office of Programme Planning, Budget and Accounts), introducing the revised estimates arising in respect of Security Council resolution 1660 (2006) on the appointment of reserve judges at the International Tribunal for the Former Yugoslavia (A/60/844), said that the Security Council had authorized the Secretary-General, at the request of the President of the International Tribunal, to appoint reserve judges from among the ad litem judges elected in accordance with article 13 ter of the Statute of the Tribunal to be present at each stage of a trial to which they had been appointed and to replace a judge if that judge was unable to continue sitting. The additional requirements in connection with the appointment of up to three reserve judges for the biennium 2006-2007 were estimated at $896,600. Every effort would be made to meet those additional requirements within the current appropriation, and the actual expenditures would be reported in the context of the second performance report for the biennium 2006-2007. The action to be taken by the General Assembly was described in paragraph 12 of the report.

78. **Mr. Saha** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of ACABQ (A/60/854), said that the Advisory Committee recommended that the General Assembly should take note of the Secretary-General's report and request him to submit any additional requirements that might arise from the appointment of the three reserve judges in the context of the second performance report for the biennium 2006-2007.

79. **The Chairman** said that the Committee was urged to take a decision on the matter at the earliest opportunity.

The meeting rose at 11.50 a.m.